

By: Ellis

S.B. No. 2040

A BILL TO BE ENTITLED

AN ACT

relating to the authority of municipal management districts to consolidate.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 375, Local Government Code, is amended by adding Subchapter P to read as follows:

SUBCHAPTER P. CONSOLIDATION OF DISTRICTS

Sec. 375.351. CONSOLIDATION OF MUNICIPAL MANAGEMENT DISTRICTS. (a) Two or more districts may consolidate into one district. To initiate consolidation, the board of a district shall adopt a resolution proposing a consolidation and deliver a copy of the resolution to the board of each district with which consolidation is proposed.

(b) A consolidation under this subchapter occurs if the board of each involved district adopts a resolution containing the terms and conditions for the consolidation.

(c) If none of the districts to be consolidated has issued bonds or notes secured by assessments or ad valorem taxes, or has levied taxes, the board of directors of each district may vote to consolidate with one or more other districts.

Sec. 375.352. TERMS AND CONDITIONS FOR CONSOLIDATION.

(a) The terms and conditions for consolidation shall include:

(1) adoption of a name for the consolidated district;

(2) the number and apportionment of directors to serve

1 on the board of the consolidated district;  
2 (3) the effective date of the consolidation;  
3 (4) an agreement on finances for the consolidated  
4 district, including disposition of funds, property, and other  
5 assets of each district; and

6 (5) an agreement on governing the districts during the  
7 transition period, including selection of officers.

8 (b) The terms and conditions for consolidation may include  
9 any other terms or conditions to which the board of each district  
10 agrees.

11 Sec. 375.353. NOTICE AND HEARING ON CONSOLIDATION.

12 (a) Each district's board shall publish notice and hold a public  
13 hearing in its district regarding the terms and conditions for  
14 consolidation of the districts. Such notice shall be published at  
15 least once in a newspaper with general circulation in the affected  
16 districts at least seven (7) days prior to the hearing.

17 (b) After the hearing, each board by resolution must approve  
18 the terms and conditions for consolidation by majority vote and  
19 enter an order consolidating the districts.

20 Sec. 375.354. GOVERNING CONSOLIDATED DISTRICTS.

21 (a) After two or more districts are consolidated, they become one  
22 district and are governed as one district.

23 (b) During the transition period, the officers of each  
24 district shall continue to act jointly as officers of the original  
25 districts to settle the affairs of their respective districts.

26 Sec. 375.355. DEBTS OF ORIGINAL DISTRICTS. After two or  
27 more districts are consolidated, the consolidated district shall

1 protect the debts and obligations of the original districts and  
2 shall ensure that the debts and obligations are not impaired. If  
3 the consolidated district has taxing authority, the debts may be  
4 paid by taxes levied on the land in the original districts as if  
5 they had not consolidated or from contributions from the  
6 consolidated district on terms stated in the consolidation  
7 agreement.

8 Sec. 375.356. ASSESSMENT AND COLLECTION OF TAXES. If the  
9 consolidated district has taxing authority, the district shall  
10 assess and collect taxes on all property in the district uniformly,  
11 for maintenance and operation of the district.

12 Sec. 375.357. FILING OF ORDER WITH COUNTY CLERK AND  
13 EXECUTIVE DIRECTOR. A consolidation order issued by the board  
14 shall be kept in the records of the consolidated district, recorded  
15 in the office of the county clerk in each of the counties in the  
16 consolidated district, and filed with the executive director of the  
17 commission.

18 SECTION 2. This Act takes effect immediately if it receives  
19 a vote of two-thirds of all the members elected to each house, as  
20 provided by Section 39, Article III, Texas Constitution. If this  
21 Act does not receive the vote necessary for immediate effect, this  
22 Act takes effect September 1, 2009.